

Message Text

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ORIGIN ARA-20

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FM SECSTATE WASHDC

TO AMEMBASSY PANAMA IMMEDIATE

INFO AMEMBASSY TEGUCIGALPA

AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY BOGOTA

AMEMBASSY QUITO

AMEMBASSY MANAGUA

C O N F I D E N T I A L STATE 188712

E.O. 11652: GDS

TAGS: ETRD, PN

SUBJECT: BANANAS

FOR AMBASSADOR JORDEN FROM BOWDLER

1. THIS WILL BRING YOU UP TO DATE ON OUR CONVERSATION
HERE ON THE BANANA TAX ISSUE.

2. THIS MORNING I SPOKE WITH UNITED BRANDS PRESIDENT
ELI BLACK TO EXPRESS MY CONCERN OVER THE STATUS OF THE
NEGOTIATIONS AND TO ASK WHAT MIGHT BE DONE TO GET THEM
MOVING TOWARD A FAIR SETTLEMENT. HE SAID THAT TAYLOR
HAD GONE BACK TO PANAMA YESTERDAY WITH FRESH INSTRUCTIONS.
HE IS TO NEGOTIATE THIS TIME WITH GABRIEL LEWIS AND NOT
MANFREDO. BLACK STATED THAT LEWIS HAD BEEN SELECTED
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BY GENERAL TORRIJOS FOR THIS NEW ROUND OF TALKS AND HE

CONSIDERED THIS AN ENCOURAGING CHANGE IN PANAMANIAN ATTITUDE. IN RESPONSE TO MY QUESTION ABOUT TAYLOR'S NEW INSTRUCTIONS, BLACK SAID HE CARRIED AUTHORIZATION TO PAY ALL EMPLOYEES WHO HAD BEEN LAID OFF. BLACK ADDED THAT THERE WERE INDICATIONS THAT THE GOP WOULD BE WILLING TO AGREE TO A 25 CENTS A BOX TAX FOR 60 DAYS WHILE A FINAL SETTLEMENT WAS WORKED OUT. HE WAS ENCOURAGED THEREFORE TO THINK THAT THIS ROUND OF TALKS MIGHT BE PRODUCTIVE.

3. I ASKED HIM WHETHER HE HAD CONSIDERED GOING TO PANAMA TO SPEAK WITH TORRIJOS. HE REPLIED THAT HE WAS PREPARED TO DO THIS IF INVITED. WITHOUT AN INVITATION HE CONSIDERED IT A WASTE OF TIME. HE VOLUNTEERED THAT IF WE COULD BE HELPFUL IN ARRANGING AN INVITATION HE WOULD BE GRATEFUL. I TOLD HIM I WOULD KEEP THIS IN MIND.

4. BLACK LEFT ME WITH THE IMPRESSION THAT HE WAS HOPEFUL THAT THE TAYLOR-LEWIS TALKS WOULD LEAD TO SETTLEMENT. HE WAS HIGHLY CRITICAL OF MANFREDO AND COMMENTED THAT APPOINTMENT OF LEWIS WOULD OPEN WAY TO FIRST SERIOUS NEGOTIATION. I TOOK THE OPPORTUNITY TO EXPRESS OUR INTEREST IN BOTH SIDES APPROACHING THE NEGOTIATIONS WITH THE FLEXIBILITY NECESSARY TO ARRIVE AT A SETTLEMENT.

5. THIS AFTERNOON I SPOKE WITH AMBASSADOR GONZALEZ-REVILLA AS A COUNTERPART TO MY TALK WITH BLACK. I MADE THESE POINTS TO HIM:

(A) WE APPRECIATE HIS KEEPING US INFORMED OF GOP THINKING ON THE BANANA TAX QUESTION.

(B) WE HAVE BEEN IN TOUCH WITH UB AND THEY TELL US THAT TAYLOR HAS RETURNED WITH NEW INSTRUCTIONS.

(C) WE ALSO UNDERSTAND THAT UB FEELS ENCOURAGED BY INDICATIONS THAT THE GOP IS ALSO TAKING A NEW APPROACH TO THE NEGOTIATIONS.

(D) WE HAVE EXPRESSED TO UB THE IMPORTANCE WE
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ATTACH TO THE COMPANY AND THE GOP WORKING OUT A MUTUALLY SATISFACTORY ARRANGEMENT AND WANTED HIM TO CONVEY THE SAME MESSAGE TO HIS GOVERNMENT.

6. GONZALEZ-REVILLA CONFIRMED THAT GABRIEL LEWIS IS NOW SERVING AS A "SECONDARY ROAD" IN THE NEGOTIATIONS. HE EMPHASIZED THAT "THIS IS REALLY THE LAST CARD" AS FAR AS THE GOP IS CONCERNED. IF THIS ROUND OF TALKS DOES

NOT PRODUCE A SETTLEMENT, HE ADDED, THE GOP WOULD MOVE AGAINST THE COMPANY.

7. IN ANSWER TO MY QUESTIONS ABOUT THE MAIN ELEMENTS OF A SOLUTION, GONZALEZ-REVILLA REPLIED THAT THE COMPANY WOULD HAVE TO RESUME PRODUCTION AND SHIPPING AND PAY THE WORKERS FOR LOST WAGES. THIS WOULD PERMIT THE GOVERNMENT TO SAVE FACE POLITICALLY WHICH IS VERY IMPORTANT. THE GOP WOULD AGREE TO REDUCE THE TAX, ALTHOUGH

IT COULD NOT REPEAT NOT ACCEPT THE 25 CENTS LEVEL AGREED TO BY HONDURAS. SPEAKING PERSONALLY, HE THOUGHT 50 CENTS WOULD BE SATISFACTORY. BEYOND THIS IMMEDIATE ARRANGEMENT, THE GOP IS INTERESTED IN A LONG TERM SOLUTION UNDER WHICH IT WOULD ACQUIRE COMPANY LANDS AND UB WOULD AGREE TO HANDLE THE MARKETING.

8. COMMENT: YOU WILL NOTE THAT BLACK AND GONZALEZ-REVILLA REPORTS ON STATE OF PLAY ARE NOT FAR APART EXCEPT FOR REDUCTION IN THE TAX LEVEL. SUCCESS OR FAILURE OF THE TAYLOR-LEWIS TALKS MAY HINGE ON THIS ISSUE. WE SHALL CONTINUE OUR EFFORTS HERE TO PERSUADE UB TO BE AS FORTHCOMING AS THEY CAN AND REQUEST THAT YOU TO DO LIKEWISE IN YOUR TALKS WITH GOP OFFICIALS. KISSINGER

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